Concordia University

Board of Governors

Concordia Employee Benefits Committee

Meeting of February 8th 1978

Attendance: Prof. A. Dickie, Prof. G. Goldman, Mr. P. Gore, Mr. W.M. Reay, Prof. G. Martin, Mr. C. Waters, Miss D. Johnson, Messrs. R. Brochu and B. Morency of William M. Mercer Ltd., Messrs. J. Fawcett and R. Donald of McLean Budden Ltd.

In the absence of the Chairman and Vice Chairman, Prof. Dickie agreed to chair the meeting.

Minutes of January 25th 1978

Mr. Morency pointed out that the Plan Document section referred to on page 2 of the minutes should be 5.3 rather than 5.2. It was also pointed out that the "age 40" referred to in the same paragraph should have read "40 years of service."

With the exception of the above two corrections, it was proposed by Professor Martin, seconded by Professor Goldman and unanimously carried that the minutes of January 25th 1978 be approved as circulated.

Investment Review for the Quarter ended December 31, 1977

Mr. Fawcett advised the Committee that the strategy for fixed income securities was to sell the lower coupon long term bonds and to replace them with shorter term bonds and mortgages. They were also holding substantial cash to take advantage of the bond market.

Professor Martin queried the holding of substantial cash. Mr. Fawcett replied that equities were unattractive and that interest rates would, in his opinion, rise. Timing of purchases would therefore be crucial.

Professor Goldman questioned why the Canada 1997 bonds at 9 1/4% were sold and that Banque Canadienne Nationale 8 3/4% 1983 were bought. Mr. Fawcett replied that in a rising interest rate situation, long term bonds should be sold. The Banque Canadienne Nationale issue had a short term.

Professor Goldman remarked that the equity fund had a realized loss of 520,333 at December 31st 1977. Mr. Fawcett answered that this loss occurred on sale of equities; they had turned a paper loss into a realized loss. Professor Goldman asked what the paper loss would have been had the securities not been sold; Mr. Fawcett was unable to answer.

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Professor Goldman commented that it was his opinion that the Committee seriously consider divesting the Pension Fund of all equity holdings and limiting investments to fixed income government securities only.

Mr. Donald commented that this was a tenable position and that McLean Budden did manage funds with no equity content. He added that this was a basic philosophical decision which could be made only by the Committee.

Professor Dickie enquired as to how often the Concordia Fund was reviewed.

Mr. Donald answered that securities were considered on a day to day basis. If it was felt that there should be a change in any particular holding then the funds holding that security would be reviewed. The funds are also reviewed as to debt equity mix on a regular basis.

Mr. Fawcett circulated a paper regarding the purchase of Canadian debt issues in foreign currency. Mr. Donald explained that the lower coupon on these issues could well be more than offset by shifts in the rate of exchange; for example Hydro Quebec issues in German Marks. No action would be taken in this field by McLean Budden unless they were instructed to by the Committee.

Pension Document

It was agreed that discussion of the 40 year maximum contributing period be postponed until Mr. Lemieux could be present.

Under the Temporary Lay-Off or Absence provision in the document, it was agreed that " University approval " remain as such. Mr. Brochu explained that the definition of the term could be resolved by the Committee.

Professor Dickie commented that the Pension Document would have to be more specific regarding the integration formula with the "Y.M.C.A." plan. This was necessary due to the provision in the "Y.M.C.A." plan allowing participants to contribute additional amounts to the "Y.M.C.A." plan which had to be matched by the University.

Reciprocal Transfer Agreements

Due to time constraints discussion of this item was postponed.

The meeting terminated at 2.20 p.m.

Colin Waters, Secretary